

Japanese milk PR cow using so-called pay cut

The news that top executives at Japan's Mazda Motors Corp. took a pay cut after suffering the embarrassment of a recall recently made a headline story in the Detroit Free Press, which itself slipped in a few editorial comments including calling the move a sublime testimony to Japanese concern for quality.

Auto analysts asked to comment on the move generally made the more astute observation that Mazda's gesture was good public relations, which was more to the point.

IN FACT, the pay cut assumed by Mazda executives, reportedly 5-7 percent of a quarter's salary, is scarcely more than 1 percent of an annual salary. Considering Japanese auto types routinely take more than a third of their compensation in a reg-

ular bonus, the cash amount of pension becomes even less and could well be wiped out altogether if the PR move succeeds and sales rise enough to pad the bonuses.

Regardless, Mazda did make the gesture. Safety has become a significant public issue in Japan lately, particularly following a series of television exposes that revealed to the Japanese public that few cars sold in Japan meet U.S. safety standards.

SMALLER, SO-CALLED Japanese minicars, about one-fourth of the Japanese domestic market, are heavily subsidized with differential taxes but are so slimy they haven't a prayer of ever being exported to the United States.

But even the full-size Japanese



auto talk
Dan McCosh

products frequently are manufactured and sold in Japan without some key U.S. safety features — a revelation that has prompted a small boom in Japanese sales of cars originally produced for U.S. sale only. Another side effect has been a safer-style public outcry over car safety.

IN THE midst of this, Mazda managed to pull off an old-fashioned,

U.S.-style hidden warranty flasco. Several thousand cars made with defective parts were sold — and then found when returned to the dealers for repair. The practice in the United States has been declared patently unfair to those consumers who pay for the repairs themselves, unaware the manufacturer is paying off when a customer complains loudly enough.

Curiously, after being caught and

chastized by the Japanese Ministry of Trade and Industry for the hidden warranty repair, Mazda only seemed to recall the cars it deemed needed work. U.S. practice is to notify owners of all the cars of a similar model named in a recall, which means that normally fewer than one out of a hundred actually need repair work out of all those "recalled."

THE RESULT is only a handful of cars were actually recalled by Mazda in the past few days. The plaudits of the Detroit Free Press, which duly noted a U.S. recall normally involves "tens of thousands" or more.

One particularly interesting insight into the self-imposed line was the statement by Mazda's U.S. spokesman that Mazda execs had

never taken such a pay cut before. This is particularly surprising since Mazda has been in and out of financial trouble on a number of occasions, including a major bailout by Ford Motor Co. in the mid-1970s — Japanese companies routinely take across-the-board cuts in such times of financial difficulty, as did Chrysler Corp.

Not to question the sincerity of the executives at Mazda, but the notion that their reaction was "good PR" is something of an understatement. I think it will be a long time before the Detroit Free Press runs a page one headline story praising a U.S. auto company that gets caught in a hidden warranty debacle and launches a half-hearted recall for a "sublime" interest in quality.

Youngsters can learn to handle money

Continued from Page 1

Christmas. When you find something you like, let me know. When they buy something, they should put the money on the counter. They must physically go to the bank and put money in.

"If we don't give them money to touch, feel or spend, we make a mistake because everything they want then becomes a parent's decision," Trepeck said.

As children get older, they should be encouraged to learn for themselves which bank, savings and loan or credit union offers the best return on their deposits, Wordhouse said.

"One of the biggest mistakes parents make . . . is they don't teach children the differences in types of investments — debt (sav-

ings accounts and bonds) versus equity (mutual funds, stocks, real estate)," she said.

Fifth or sixth graders aren't too young to be aware of those options, Wordhouse added.

That — among other things — is what Alexander tries to teach students in her personal finance class at Covington.

"We start with a budgeting unit. I have them look at want ads of papers to find a job. We talk about how much taxes will be taken out and prepare a budget. Or I live on there's a hue and a cry. 'I can't live on that!'"

Then we go on to credit and consumerism, banking — reconcile a checking account, making a deposit, dangers of a credit card, how to get a loan," Alexander said. "We

have a stock market unit."

NOTHING BREEDS success like failure, she said.

"It's an excellent lesson. Frustration is the beginning of learning. I just try to bring them to the real world. My famous line is, 'It's not how much money you make, it's what you do with your money.'"

"You learn more from mistakes than successes," Wordhouse said. The idea that children shouldn't be concerned or burdened with family finances is out of date, advisers agree.

Instead of haranguing children about leaving lights on, show them the electric bill. Talk about the costs of vacation options.

"More and more families are

being open about finances," Wordhouse said.

"The one thing I feel I'm successful in is if they go home and discuss things with their parents," Alexander said of her students.

"Their biggest misconception is that they're always going to live like they do now, even when they start out on their own. They don't understand what their parents worked so hard for, or how long it took."

A BIG GOAL in the teaching process is to get children to think about alternatives before spending money, advisers agree.

"When a child has money and is going to spend it, teach him to say to himself, 'If I'm not going to spend this money, what could I do with it?'" Wordhouse said.

Vehicles vie for attention

Continued from Page 1

But in addition to the new model and concept cars, Ford's biggest emphasis is on how the cars will be displayed, Brown said.

Cars will be shown against a backdrop featuring a 40-foot-wide artificial rain curtain, changing photographic backgrounds and costumed actors.

Gone are the traditional show biz accompaniments and Unsel approach that was such a big part of Ford's previous display — and that is still a part of other displays, Brown said.

datebook

● **PERSONAL ASSESSMENT**
Thursday, Jan. 10 — Personal Assessment Inventory for Oakland University legal assistant program 7:30-9:30 p.m. near Rochester. Fee: \$25. Information: 370-3120.

● **DIRECT MARKETERS**
Thursday, Jan. 10 — Direct Marketing Association of Detroit meets for lunch at the Sheraton Southfield. Non-member fee: \$19. Information: 258-8803.

● **CAREER/JOB-SEARCH SEMINAR**
Saturday, Jan. 12 — "How to Survive and Thrive in Difficult Times" seminar on writing resumes and cover letters presented 9 a.m. to 3 p.m. in Birmingham. Fee: \$45. Includes 1-hour consultation. Information: 642-9150. Sponsor: Job Search Dynamics.

● **AUTO CONGRESS**
Sunday-Wednesday, Jan. 13-16 — Automotive News world congress in Detroit. Information: 764-5592.

● **CAREER NIGHT**
Monday, Jan. 14 — Free seminar on opportunities for people completing production and manufacturing management certificate program 7:30-8:30 p.m. near Rochester. Information: 370-3120. Sponsor: Oakland University.

● **LSAT WORKSHOP**
Monday, Jan. 14 — Registration for six-session Law School Admissions Test preparation workshop 6:30-9:30 p.m. Mondays and Wednesdays, Jan. 14-30, at Oakland University near Rochester. Fee: \$195. Information: 370-3120.

● **RETIREMENT PLANNING**
Monday, Jan. 14 — Free seminar, "Will You Be Able to Afford to Retire?" begins at 7 p.m. in Troy. Infor-

mation: Pam Lasko, 649-7557. Sponsor: PaineWebber.

● **CAREER NIGHT**
Tuesday, Jan. 15 — Free seminar on opportunities for personal financial planning professionals 7:30-8:30 p.m. near Rochester. Information: 370-3120. Sponsor: Oakland University.

● **SUPERVISION I**
Tuesday, Jan. 15 — "Principles and Practices of Supervision I" seminar 9 a.m. to 4 p.m. at the American Society of Employers in Southfield. Non-member fee: \$175. Information: Denise Moody, 353-4500.

● **PARA-ACCOUNTANT WAIVER EXAMS**
Tuesday, Jan. 15 — Para-Accountant waiver examinations at Oakland University begin at 6:30 p.m. near Rochester. Fee: \$10 per examination. Information: 370-3120.

● **FINANCIAL WOMEN**
Wednesday, Jan. 16 — Financial Women International meets at 5:30 p.m. in Bloomfield Hills. Information: Barbara A. Whitman, 285-1900. Ext. 303.

● **FIRST AID TRAINING**
Wednesday and Thursday, Jan. 16-17 — "CPR and First Aid Training" seminar 12:30-4:30 p.m. at the American Society of Employers in Southfield. Non-member fee: \$50. Information: Denise Moody, 353-4500.

● **PURCHASING MANAGEMENT**
Thursday, Jan. 17 — National Association of Purchasing Management meets at the Mazda plant in Flatrock. Information: 1-773-3737.

Answers to taxing questions

Continued from Page 1

A. The Kiddie Tax does require you to report your child's unearned income. But to make filing easier, the tax law provides that if your child's gross income is between \$500 and \$5,000, you can now use Form 8814 to indicate that you plan to include your child's gross income on your own return. But there is one factor to keep in mind. When you include your child's income with your own, you increase your adjusted gross income. This may affect your ability to deduct medical and miscellaneous deductions.

A. I work full time as a teacher, but I just started doing some tutoring on the side. How do I report the income I receive?

A. The income you make from tutoring is self-employment income and is reported on Schedule C. You should keep track of your expenses for materials and transportation to and from the second job as these costs are deductible. If you make more than \$400 in self-employment income, you must file a Schedule SE and pay self-employment taxes on this income.

Q. I charged a donation to a local charity in Decem-

ber. I didn't pay my bill until January. When do I deduct the donation?

A. You get to deduct the donation in the year you charged it, not the year you pay it.

Q. I know that certain miscellaneous itemized deductions are deductible only in excess of 2 percent of my adjusted gross income. What expenses fit in this category?

A. Miscellaneous itemized deductions include such expenses as union and professional dues, small tools, safety equipment and supplies for your job, fees paid to a tax advisor, lodging costs connected with seeking employment, and investment-related expenses such as safe deposit box rental fees, the cost of producing or collecting income, and IRA custodial fees.

Q. I just reached age 65. Am I entitled to claim a higher standard deduction?

A. Yes. If you use the standard deduction, the law allows you to add \$800 to your standard deductions if you are single. If you're married, you may add \$650 for each spouse who is age 65 and older.

Remodeling in Oakland County Since 1965

bob stern
BUILDING COMPANY

ADDITIONS • KITCHENS • BATHS
(619) Dunmore • West Bloomfield • 855-8880

EXTRA CAR IN DRIVEWAY
CAR GETTING ON NERVES? TAXES TOO HIGH?

Help us help those in need
By donating your used car, boat, real estate... and receive fair market value as a tax deduction when you itemize.

CALL 373-9000
VOLUNTEERS OF AMERICA

B

DETROIT'S QUIETLY SOPHISTICATED HOTELS

TRAVELERS BONUS CLUB

Each night you stay with us you will earn premiums which you can redeem for FREE NIGHTS or valuable awards. Membership is free and easy. Just check with the front desk and let us sign you up for membership in our travelers bonus club.

Beverly Inn
140 S. Wacker Blvd.
Birmingham, MI
648-7300

Berkshire Hotel
76111 Telegraph Rd.
Southfield, MI
356-4333

Valid Until 3/1/91

AAA Bonds With Monthly Interest.

9.00%*

Prudential-Bache Securities offers Mortgage Collateralized Bonds which provide investment security, plus a monthly interest check.

These AAA-quality bonds are backed by GNMA, FNMA, or FHLMC certificates or insured residential mortgages. MCB's offer individual investors predictable monthly income of interest only—not a mix of both principal and interest as with other mortgage-related securities. And, the minimum investment is only \$1,000. In addition, there is a modified redemption option available to investors for 100% of the original face amount returned, plus accrued interest.

For more information, call us today or send in the coupon below.

* Coupon rate as of 1/2/91. Price at par subject to change and availability in the secondary market. MCB's are subject to mandatory redemption under certain circumstances.

Prudential-Bache Securities, 7031 Orchard Lake Road, Suite 101
West Bloomfield, MI 48322
Attn: Mark A. Casabelli, Vice President-Investments
313-737-8472 or 800-537-4509

() Yes! Please send me my free copy of "Mortgage Collateralized Bonds."

Name _____ Address _____
City _____ State _____ Zip _____ Phone () _____

Clients, please give name and office of Financial Advisor.

Prudential-Bache Securities
Rock Solid. Market Wise.

A year after the JOA went into effect, what's the Detroit newspaper situation in 1991?

A little more than a year ago, newspaper advertisers in Detroit got the shock of their lives. The JOA was approved, ad rates soared, and circulation dropped.

Now, a year later, the weekday edition of the Free Press has maintained its circulation. The News is down by 100,000 copies. The DSA is still not making money, and is raising rates again.

Meanwhile, largely because of all this, a lot of newspaper advertisers are using SPRING.

SPRING (The Suburban Press INC) is the network of all 50 suburban newspapers published by Adams, Associated, Heritage, and the Observer & Eccentric and HomeTown groups.

And we offer advertisers the opportunity to

zero in on the customers who have the money to buy what you sell.

SPRING can deliver your newspaper ad to as many as 754,000 affluent Detroit suburban households, about twice as many as the weekday edition of either the News or Free Press.

And at a lower CPM. With just one rep. one order, one "click," and one invoice.

And our CPM for Free Standing Inserts (FSIs) is only \$29.

The bottom line is this: a year after the JOA, it is clear that the newspaper situation in Detroit has changed irrevocably.

The newspaper situation in the suburbs is good.

Detroit's Suburban market remains strong.

And SPRING delivers it.

The SPRING Newspapers

Mark Lewis
(313) 591-2300
Observer & Eccentric Newspapers